

TOWNSHIP OF BURT
ALGER COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS

Fiscal Year Ended March 31, 2008

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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

The Honorable Supervisor and Board
Township of Burt
P.O. Box 430
Grand Marais, MI 49839

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Burt, Alger County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's elected officials and management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

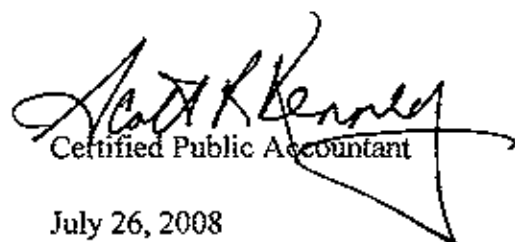
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Burt, Alger County, Michigan, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 6 through 10 and 33 through 37, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Member
American Institute of Certified Public Accountants
Michigan Association of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Burt, Alger County, Michigan's basic financial statements. The introductory section and additional information section are presented for additional analysis and are not a required part of the basic financial statements. The additional information section has been subjected to auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.


Certified Public Accountant

July 26, 2008

TOWNSHIP OF BURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2008

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 10.5% from a year ago - increasing from \$1.949 million to \$2.178 million. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase in net assets of \$169,000 during the year (21.7% increase). This is attributed to increased tax revenue designated for road improvements, increased contributions from private sources and a decrease in expenditures due to the payoff of a prior payroll tax liability. Business type activities net assets increased by \$60,000. This can be attributed to limitations on spending and slowly increasing revenues. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current Assets	\$ 506	\$ 400	\$ 264	\$ 251	\$ 770	\$ 651
Noncurrent Assets	<u>592</u>	<u>603</u>	<u>1,312</u>	<u>1,206</u>	<u>1,904</u>	<u>1,809</u>
Total Assets	\$ 1,098	\$ 1,003	\$ 1,576	\$ 1,457	\$ 2,674	\$ 2,460
Long-Term Debt Outstanding	\$ 75	\$ 176	\$ 89	\$ 119	\$ 164	\$ 295
Other Liabilities	<u>74</u>	<u>47</u>	<u>258</u>	<u>169</u>	<u>665</u>	<u>216</u>
Total Liabilities	\$ 149	\$ 223	\$ 347	\$ 288	\$ 829	\$ 511
Net Assets						
Invested in Capital Assets-Net of Debt	\$ 488	\$ 527	\$ 1,161	\$ 1,087	\$ 1,649	\$ 1,614
Restricted	31	0	25	0	56	0
Unrestricted	<u>430</u>	<u>253</u>	<u>43</u>	<u>82</u>	<u>473</u>	<u>335</u>
Total Net Assets	\$ 949	\$ 780	\$ 1,229	\$ 1,169	\$ 2,178	\$ 1,949

Unrestricted net assets—the part of net assets that can be used to finance day to day operations, increased by \$169,000 for the governmental activities. This increase can be attributed primarily to increasing revenues and close scrutiny of the operating expense budget. The current level of unrestricted net assets for our governmental activities stands at \$949,000.

TOWNSHIP OF BURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 March 31, 2008

The unrestricted net assets for the business type increased by \$60,000. This can be attributed to the maintaining or slightly increasing services provided to residents and other guests.

The following table shows the changes of the net assets (in thousands of dollars) as of the current date to the prior year:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Program Revenues						
Charges for Services	\$ 8		\$ 421		\$ 429	
Operating Grants and Contributions	9		34		43	
Capital Grants and Contributions	0		0		0	
General Revenues						
Property Taxes	\$ 272	N	\$ 0	N	\$ 272	N
State-Shared Revenues	71	O	0	O	71	O
Licenses and permits	5	T	0	T	5	T
Unrestricted Investment Earnings	19		14		33	
Refunds and reimbursements	0		0		0	
Sale of property	51		1		52	
Other	66		31		97	
Transfers	<u>41</u>		<u>(41)</u>		<u>0</u>	
Total Revenues	\$ 542		\$ 460		\$ 1,002	
Program Expenses		A		A		A
Legislative	\$ 5	V	\$ 0	V	\$ 5	V
General Government	196	A	0	A	196	A
Public Safety	39	I	44	I	83	I
Public Works	92	L	193	L	285	L
Recreation & Culture	32	A	163	A	195	A
Community Betterment	2	B	0	B	2	B
Insurance	<u>7</u>	L	<u>0</u>	L	<u>7</u>	L
Total Expenses	\$ <u>373</u>	E	\$ <u>400</u>	E	\$ <u>773</u>	E
Change in Net Assets	\$ 169		\$ 60		\$ 229	

The Township's net assets remain at a comfortable level. This can be attributed to conservative yet necessary planning and spending on past capital equipment and projects and implementation of cost savings measures.

Governmental Activities

The Township had contracted to have a CPA conduct an audit and prepare its financial statements for the year ended March 31, 2007. The audit began but was not completed by that CPA and as a result the operations for the year then ended are not available.

TOWNSHIP OF BURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2008

Business-Type Activities

The results of comparative operations are not available for the current year. See the explanation in the Governmental Activities Section above.

The Township's Funds

Analysis of the Township's major funds begins on page 13, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as a federal grant/loan. The Township's major funds for 2007-2008 include the General Fund, Fire Protection Fund, Harbor Fund, Revolving Loan Fund, Township Improvement Fund and each of the business type funds.

The General Fund pays for most of the Township's governmental services. The most significant are general maintenance of Township property and buildings, some of the parks and recreation, maintaining the Township's equipment, and general administration. These services are primarily funded from property taxes assessed to the residents of the Township and revenues shared with the State of Michigan.

The Township's business type funds include providing ambulance service, camping experiences at the Woodland Park, sale of fuel, maintaining the marina and providing potable water to some of the Township residents. These services are funded primarily through charges to customers for the services received.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Various accounts are amended as necessary, unanticipated expenditures are incurred by the Township in the course of its operations.

Capital Asset and Debt Administration

At the end of the 2007-2008 fiscal year, the Township had slightly more than \$4 million invested in a broad range of capital assets, including land and buildings, office equipment, fire protection equipment, ambulance equipment, a park, marina, harbor and a water system. The major addition during the year was electrical improvements at the Woodland Park. The project began in late 2007 and is expected to be completed during 2008.

The Township has now begun capturing property taxes for road improvements. These funds will be used to supplement Road Commission funds for repair and replacement of roads located in the Township. The roads are not included in the Township's infrastructure assets as the roads are owned

TOWNSHIP OF BURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2008

by the Alger County Road Commission. The cost of maintenance of the roads are reflected in their financial accounting records.

The Township continued to timely service its existing debt as is reflected on pages 29 - 31 of the Notes to the Financial Statements. During the year, the Township paid off its fire truck, fuel system and Woodland Park Garage debts.

The Township borrowed slightly more than \$184,000 during the year to pay for the electric upgrades at the Woodland Park. The debt is expected to be paid with revenues generated by the Park.

During the 2006-2007 year the Township borrowed funds and repaid payroll taxes along with penalties and interest that had not been submitted to the various government agencies. The Township is now current with the payment of prior and current payroll taxes. This debt has been repaid by a transfer of funds from the Woodland Park (\$38,000) along with the proceeds of timber harvesting from Township land. Additional proceeds are expected from the timber and are expected to be adequate to completely repay the remaining loan.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2008-2009 calls for no change in property tax rates. Because of the impact of Proposal A, the new Michigan Business Tax and decreasing State Shared Revenues, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than the inflationary rate, the mathematical result is that the total taxable value for the Township will grow at a rate less than inflation, before considering new property additions.

Business Type Funds will continue to be scrutinized carefully to be certain that rates and/or fees for services are proportionate to the related expenses.

Contacting the Township's Management

This financial report is intended to provide the citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Supervisor's office.

FINANCIAL

STATEMENTS

TOWNSHIP OF BURT
GOVERNMENT WIDE STATEMENT OF NET ASSETS
 March 31, 2008

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 396,111	\$ 215,005	\$ 611,116
Receivables - net	76,096	19,677	95,773
Inventory	0	9,022	9,022
Internal balances	<u>34,159</u>	<u>20,658</u>	<u>54,817</u>
TOTAL CURRENT ASSETS	\$ 506,365	\$ 264,362	\$ 770,727
RESTRICTED ASSETS - Cash and equivalents	\$ 31,028	\$ 52,233	\$ 83,261
NON-CURRENT ASSETS			
Property and equipment, net of depreciation	\$ 560,622	\$ 1,259,650	\$ 1,820,272
Other	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL NON-CURRENT ASSETS	\$ 560,622	\$ 1,259,650	\$ 1,820,272
TOTAL ASSETS	\$ 1,098,015	\$ 1,576,245	\$ 2,674,260
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 7,682	\$ 12,848	\$ 20,530
Accrued and other liabilities	49,025	34,624	83,649
Interprogram payables	16,823	17,151	33,974
Current part of non-current liabilities	<u>0</u>	<u>193,190</u>	<u>193,190</u>
TOTAL CURRENT LIABILITIES	\$ 73,530	\$ 257,813	\$ 331,343
LIABILITIES PAYABLE FROM RESTRICTED ASSETS	\$ 0	\$ 27,233	\$ 27,233
NON-CURRENT LIABILITIES			
Compensated absences	\$ 2,625	\$ 0	\$ 2,625
Notes payable	72,919	0	72,919
Revenue bonds payable	<u>0</u>	<u>61,767</u>	<u>61,767</u>
TOTAL NON-CURRENT LIABILITIES	\$ 75,544	\$ 61,767	\$ 137,311
TOTAL LIABILITIES	\$ 149,074	\$ 346,813	\$ 495,887
NET ASSETS			
Invested in capital assets, net of related debt	\$ 487,703	\$ 1,161,650	\$ 1,649,353
Restricted for			
Road improvements	31,028	0	31,028
Water meters	0	25,000	25,000
Unrestricted	<u>430,211</u>	<u>42,782</u>	<u>472,993</u>
TOTAL NET ASSETS	\$ 948,942	\$ 1,229,432	\$ 2,178,374

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2008

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities							
Legislative	\$ 4,800	\$ 0	\$ 0	\$ 0	\$ (4,800)		\$ (4,800)
General government	195,974	150	0	0	(195,824)		
Public safety	38,292	0	8,964	0	(29,328)		(29,328)
Public works	91,794	3,270	0	0	(88,524)		(88,524)
Parks and recreation	32,070	4,548	0	0	(27,522)		(27,522)
Community betterment	1,584	0	0	0	(1,584)		(1,584)
Interest and fees on short term debt	6,928	0	0	0	(6,928)		(6,928)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 371,443	\$ 7,968	\$ 8,964	\$ 0	\$ (354,511)		\$ (158,686)
Business-Type Activities							
Ambulance	\$ 44,123	\$ 26,583	\$ 34,000	\$ 0		\$ 16,460	\$ 16,460
Woodland Park	140,578	202,982	0	0		62,404	62,404
Fuel	71,140	71,161	0	0		21	21
Water	122,260	103,623	0	0		(18,637)	(18,637)
Marina	25,611	21,074	0	0		(4,537)	(4,537)
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 403,712	\$ 425,423	\$ 34,000	\$ 0		\$ 55,711	\$ 55,711
GENERAL REVENUES							
Property taxes					\$ 271,596	\$ 0	\$ 271,596
State shared revenues and grants					70,545	0	70,545
Unrestricted investments earnings					18,721	13,999	32,720
Licenses and fees					5,050	0	5,050
Transfers from other governmental units					0	0	0
Other					65,723	30,500	96,223
SPECIAL ITEM - Sale of property/timber					51,563	1,150	52,713
TRANSFERS					40,739	(40,739)	0
TOTAL GENERAL REVENUES AND TRANSFERS					\$ 523,937	\$ 4,910	\$ 528,847
CHANGE IN NET ASSETS							
Net assets - beginning					\$ 169,426	\$ 60,621	\$ 230,047
					779,515	1,168,811	1,948,326
NET ASSETS - ENDING					\$ 948,942	\$ 1,229,432	\$ 2,178,374

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT
GOVERNMENTAL FUNDS BALANCE SHEET
COMBINED BALANCE SHEET
 March 31, 2008

	<u>GENERAL FUND</u>	<u>FIRE PROTECTION FUND</u>	<u>HARBOR FUND</u>	<u>REVOLVING LOAN FUND</u>	<u>TOWNSHIP IMPROVEMENT FUND</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS							
Cash and equivalents	\$ 67,158	\$ 66,026	\$ 84,610	\$ 87,955	\$ 79,609	\$ 10,753	\$ 396,111
Taxes receivable	3,690	4,794	798	0	12,886	0	22,168
Notes and accounts receivable	0	0	0	45,404	0	747	46,151
Due from other funds	6,124	5,246	5,898	0	16,891	0	34,159
Due from other governmental units	7,777	0	0	0	0	0	7,777
Restricted assets	0	0	0	0	31,028	0	31,028
TOTAL ASSETS	\$ 84,749	\$ 76,066	\$ 91,306	\$ 133,358	\$ 140,414	\$ 11,500	\$ 537,393
LIABILITIES							
Accounts payable	\$ 4,434	\$ 556	\$ 0	\$ 0	\$ 2,606	\$ 86	\$ 7,682
Accrued payroll expense	0	1,941	0	0	1,681	0	3,622
Due to other funds	15,161	661	0	0	0	1,000	16,822
Deferred revenues	0	0	0	45,403	0	0	45,403
TOTAL LIABILITIES	\$ 19,595	\$ 3,158	\$ 0	\$ 45,403	\$ 4,287	\$ 1,086	\$ 73,529
FUND BALANCES							
Reserved for							
Road improvements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,028	\$ 0	\$ 31,028
Unreserved	65,154	72,908	91,306	87,955	105,099	10,414	432,836
TOTAL FUND EQUITY	\$ 65,154	\$ 72,908	\$ 91,306	\$ 87,955	\$ 136,127	\$ 10,414	\$ 463,864
TOTAL LIABILITIES AND FUND EQUITY	\$ 84,749	\$ 76,066	\$ 91,306	\$ 133,358	\$ 140,414	\$ 11,500	\$ 537,393

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT
RECONCILIATION OF BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
March 31, 2008

Total fund balance - total governmental funds	\$ 463,864
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds net of related depreciation	560,622
Long term liabilities:	
Bonds/loans not due and payable with the current period and not reported in the funds	(72,919)
Accumulated employee vacation pay not used in current period	<u>(2,625)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES \$	<u>948,942</u>

TOWNSHIP OF BURT
ALL GOVERNMENTAL FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year ended March 31, 2008

	GENERAL FUND	FIRE PROTECTION FUND	HARBOR FUND	REVOLVING LOAN FUND	TOWNSHIP IMPROVEMENT FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES							
General property taxes	\$ 61,247	\$ 55,434	\$ 9,226	\$ 0	\$ 145,689	\$ 0	\$ 271,596
Federal grants	0	0	0	0	8,964	0	8,964
State shared revenues and grants	70,545	0	0	0	0	0	70,545
Licenses and fees	5,050	0	0	0	0	0	5,050
Charges for services	3,270	0	4,548	0	150	0	7,968
Interest and rentals	2,729	1,988	3,302	7,559	2,722	421	18,721
Sale of property/timber	51,213	0	0	0	350	0	51,563
Reimbursements	1,156	0	0	0	325	0	1,481
Other	10,466	0	315	29,004	550	23,907	64,242
TOTAL REVENUES	\$ 205,676	\$ 57,422	\$ 17,391	\$ 36,563	\$ 158,750	\$ 24,328	\$ 500,130
EXPENDITURES							
Legislative	\$ 4,800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,800
General government	168,250	0	0	0	6,153	6,595	180,998
Public safety	1,408	27,911	0	0	8,973	0	38,292
Public works	0	0	0	0	77,195	0	77,195
Parks and recreation	0	0	16,684	0	550	188	17,422
Community betterment	523	0	0	0	1,061	0	1,584
Debt service	89,493	2,871	0	0	5,925	10,000	108,289
Capital outlay	0	0	0	0	2,090	0	2,090
TOTAL EXPENDITURES	\$ 264,474	\$ 30,782	\$ 16,684	\$ 0	\$ 101,947	\$ 16,783	\$ 430,670
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (58,798)	\$ 26,640	\$ 707	\$ 36,563	\$ 56,803	\$ 7,545	\$ 69,460
OTHER FINANCING SOURCES (USES)							
Transfer from other funds	\$ 60,780	\$ 0	\$ 0	\$ 0	\$ 2,963	\$ 0	\$ 63,743
Loan proceeds	0	0	0	0	0	0	0
Transfer from other governmental units	0	0	0	0	0	0	0
Transfer to other funds	0	(12,004)	(1,500)	(1,500)	(8,000)	0	(23,004)
EXCESS OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	\$ 1,982	\$ 14,636	\$ (793)	\$ 35,063	\$ 51,766	\$ 7,545	\$ 110,199
Fund balance - beginning	63,172	58,272	92,099	52,892	84,361	2,869	353,665
FUND BALANCE - ENDING	\$ 65,154	\$ 72,908	\$ 91,306	\$ 87,955	\$ 136,127	\$ 10,414	\$ 463,864

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT
 RECONCILIATION OF STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE
 TO THE STATEMENT OF ACTIVITIES
 Year ended March 31, 2008

Net change in fund balance - total governmental funds	\$ 110,199
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities these costs are allocated over their estimated useful life and reported as depreciation	(42,345)
Payments on long term debt; these expenditures are reflected as a reduction of liabilities on government-wide statements and an expenditure in the governmental fund statements	101,361
Decreases in accumulated employee vacation are recorded when earned in the Statement of Activities	<u>211</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$	<u><u>169,426</u></u>

TOWNSHIP OF BURT
STATEMENT OF NET ASSETS
BUSINESS TYPE FUNDS
March 31, 2008

	AMBULANCE FUND	WOODLAND PARK FUND	FUEL FUND	WATER UTILITY FUND	MARINA FUND	TOTAL
ASSETS						
Current Assets:						
Cash and equivalents	\$ 95,196	\$ 12,506	\$ 24,541	\$ 79,464	\$ 3,298	\$ 215,005
Accounts receivable	16,069	0	0	3,157	451	19,677
Due from other funds	0	20,634	0	24	0	20,658
Inventory	0	0	9,022	0	0	9,022
TOTAL CURRENT ASSETS	\$ 111,265	\$ 33,140	\$ 33,563	\$ 82,645	\$ 3,749	\$ 264,362
Restricted Assets	\$ 0	\$ 0	\$ 0	\$ 52,233	\$ 0	\$ 52,233
Property, Plant and Equipment:						
Land, buildings and equipment	\$ 122,719	\$ 718,224	\$ 100,000	\$ 1,211,505	\$ 114,414	\$ 2,266,862
Less accumulated depreciation	(122,719)	(162,176)	(40,000)	(669,327)	(12,990)	(1,007,212)
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ 0	\$ 556,048	\$ 60,000	\$ 542,178	\$ 101,424	\$ 1,259,650
TOTAL ASSETS	\$ 111,265	\$ 589,188	\$ 93,563	\$ 677,056	\$ 105,173	\$ 1,576,245
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 2,196	\$ 8,689	\$ 118	\$ 1,845	\$ 0	\$ 12,848
Salaries, wages and payroll taxes payable	1,265	75	0	155	0	1,495
Due to other funds	85	1,387	0	151	15,528	17,151
Interest payable	0	0	0	408	0	408
Deferred revenue	0	0	0	32,721	0	32,721
Current portion of long term debt	0	184,190	0	9,000	0	193,190
TOTAL CURRENT LIABILITIES	\$ 3,546	\$ 194,341	\$ 118	\$ 44,280	\$ 15,528	\$ 257,813
Long Term Liabilities	\$ 0	\$ 0	\$ 0	\$ 89,000	\$ 0	\$ 89,000
TOTAL LIABILITIES	\$ 3,546	\$ 194,341	\$ 118	\$ 133,280	\$ 15,528	\$ 346,813
NET ASSETS						
Invested in capital assets - net of related debt	\$ 0	\$ 371,858	\$ 60,000	\$ 444,178	\$ 101,424	\$ 977,460
Restricted for debt service	0	0	0	27,233	0	27,233
Restricted for future construction and improvements	0	0	0	25,000	0	25,000
Unrestricted	107,719	22,989	33,445	47,365	(11,779)	199,739
TOTAL NET ASSETS	\$ 107,719	\$ 394,847	\$ 93,445	\$ 543,776	\$ 89,645	\$ 1,229,432

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUSINESS TYPE FUNDS
Year ended March 31, 2008

	AMBULANCE FUND	WOODLAND PARK FUND	FUEL FUND	WATER UTILITY FUND	MARINA FUND	TOTAL
OPERATING REVENUES						
User charges, net of allowance	\$ 26,583	\$ 202,982	\$ 0	\$ 96,105	\$ 9,600	\$ 335,270
Fuel sales	0	0	71,161	0	11,474	82,635
Other	0	0	0	7,518	0	7,518
TOTAL OPERATING REVENUES	\$ 26,583	\$ 202,982	\$ 71,161	\$ 103,623	\$ 21,074	\$ 425,423
OPERATING EXPENSES						
Recreation						
Salaries and wages	\$ 0	\$ 36,668	\$ 0	\$ 0	\$ 1,409	\$ 38,077
Payroll taxes	0	12,144	0	0	108	12,252
Employee benefits	0	2,819	0	0	0	2,819
Fuel purchases for resale	0	0	0	0	9,664	9,664
Supplies	0	7,822	0	0	52	7,874
Contracted services	0	100	0	0	7,248	7,348
Other	0	62,990	0	0	4,010	67,000
Transmission, distribution, operations and maintenance						
Salaries and wages	11,655	0	1,500	24,752	0	37,907
Employee benefits	1,557	0	0	1,655	0	3,212
Payroll taxes	841	0	0	1,382	0	2,723
Fuel purchases for resale	0	0	60,518	0	0	60,518
Supplies	5,086	0	0	0	0	5,086
Contracted services	8,763	0	0	19,667	0	28,430
Other	16,221	0	2,775	38,000	0	56,996
Depreciation	0	17,593	5,000	30,992	3,120	56,705
TOTAL OPERATING EXPENSES	\$ 44,123	\$ 140,136	\$ 69,793	\$ 116,948	\$ 25,611	\$ 396,611
OPERATING INCOME (LOSS)	\$ (17,540)	\$ 62,846	\$ 1,368	\$ (13,325)	\$ (4,537)	\$ 28,812
NON-OPERATING INCOME (EXPENSE)						
Interest	\$ 2,043	\$ 3,523	\$ 0	\$ 4,579	\$ 290	\$ 10,435
Rent	0	3,564	0	0	0	3,564
Gain on sale of property and equipment	0	1,150	0	0	0	1,150
Contribution from other governmental units	34,000	0	0	0	0	34,000
Local contributions	250	30,250	0	0	0	30,500
Interest and fees expense	0	(442)	(1,347)	(5,312)	0	(7,101)
NON-OPERATING TRANSFERS						
From other funds	\$ 0	\$ 0	\$ 19,600	\$ 9,004	\$ 12,000	\$ 40,604
To other funds	(4,500)	(62,280)	(1,000)	(5,963)	(7,600)	(81,343)
NET INCOME (LOSS)	\$ 14,253	\$ 38,611	\$ 18,621	\$ (11,017)	\$ 153	\$ 60,621
Net assets - beginning	93,466	356,236	74,824	554,793	89,492	1,168,811
NET ASSETS - ENDING	\$ 107,719	\$ 394,847	\$ 93,445	\$ 543,776	\$ 89,645	\$ 1,229,432

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT
STATEMENT OF CASH FLOWS
BUSINESS TYPE FUNDS
Year ended March 31, 2008

	AMBULANCE FUND	WOODLAND PARK FUND	FUEL FUND	WATER UTILITY	MARINA UTILITY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 32,772	\$ 202,982	\$ 75,437	\$ 98,584	\$ 20,623	\$ 430,398
Operating grants	0	0	0	7,492	0	7,492
Payments to suppliers	(28,610)	(62,224)	(72,197)	(55,822)	(20,974)	(239,827)
Payments to or on behalf of employees	(13,478)	(52,108)	(1,500)	(28,134)	(1,517)	(96,737)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	\$ (9,316)	\$ 88,650	\$ 1,740	\$ 22,120	\$ (1,868)	\$ 101,326
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfer from (to) other funds	\$ (4,500)	\$ (62,280)	\$ 18,600	\$ 3,041	\$ 4,400	\$ (40,739)
Contributions from other governmental units	34,000	0	0	0	0	34,000
Local contributions	250	30,250	0	0	0	30,500
Loans repaid from (made to) other funds	10,667	1,139	0	5,000	(4,800)	12,006
TOTAL CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	\$ 40,417	\$ (30,891)	\$ 18,600	\$ 8,041	\$ (400)	\$ 35,767
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments on capital debt	\$ 0	\$ (12,075)	\$ (14,038)	\$ (14,350)	\$ 0	\$ (40,463)
Purchases of capital assets	0	(295,224)	0	(14,641)	0	(309,865)
Proceeds from sale of assets	0	1,150	0	0	0	1,150
Bond/loan proceeds	0	184,190	0	0	0	184,190
Funding of restricted accounts	0	0	0	(13,293)	0	(13,293)
TOTAL CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	\$ 0	\$ (121,959)	\$ (14,038)	\$ (42,284)	\$ 0	\$ (178,281)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest earned	\$ 2,043	\$ 3,523	\$ 0	\$ 4,579	\$ 290	\$ 10,435
Rent received	0	3,564	0	0	0	3,564
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	\$ 2,043	\$ 7,087	\$ 0	\$ 4,579	\$ 290	\$ 13,999
NET INCREASE (DECREASE) IN CASH	\$ 33,144	\$ (57,113)	\$ 6,302	\$ (7,544)	\$ (1,978)	\$ (27,189)
Cash and equivalents - beginning	62,052	69,619	18,239	87,008	5,276	242,194
CASH AND EQUIVALENTS - ENDING	\$ 95,196	\$ 12,506	\$ 24,541	\$ 79,464	\$ 3,298	\$ 215,005
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (17,540)	\$ 62,846	\$ 1,368	\$ (13,325)	\$ (4,537)	\$ 28,812
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation	0	17,593	5,000	30,992	3,120	56,705
Change in Assets and Liabilities						
Receivables - net	6,189	0	4,276	2,398	(451)	12,412
Inventory	0	0	(9,022)	0	0	(9,022)
Accounts payable	1,460	8,688	118	1,845	0	12,111
Accrued salaries, wages and payroll taxes	575	(477)	0	155	0	253
Deferred revenue	0	0	0	55	0	55
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (9,316)	\$ 88,650	\$ 1,740	\$ 22,120	\$ (1,868)	\$ 101,326

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
MARCH 31, 2008

	PAYROLL FUND	TAX COLLECTIONS FUND	TOTAL
ASSETS			
Cash and equivalents	\$ 110	\$ 28,787	\$ 28,897
Due from other funds	<u>85</u>	<u>0</u>	<u>85</u>
TOTAL ASSETS	\$ <u>195</u>	\$ <u>28,787</u>	\$ <u>28,982</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Due to other funds	\$ 195	\$ 20,733	\$ 20,928
Due to other governmental units	0	7,659	7,659
Due to taxpayer	<u>0</u>	<u>395</u>	<u>395</u>
TOTAL LIABILITIES	\$ 195	\$ 28,787	\$ 28,982
Fund balance - unreserved	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>195</u>	\$ <u>28,787</u>	\$ <u>28,982</u>

Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Burt (Township) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township:

Reporting Entity

The Township is governed by an elected five member board of trustees (Board). The accompanying financial statements present the government, as the Township does not have any component units that are required to be presented, either discretely or blended.

Government-Wide and Fund Financial Statements

The government-wide statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable—Current Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes levied on December 1 are payable in one installment by the 15th day of February of the ensuing year without penalty. The Township bills and collects its own property taxes and also taxes for Burt Township School District, Alger County, State Education Tax, and the Marquette Alger Regional Education Service Agency. Collections and remittances of various property taxes are accounted for in the Tax Collection Fund. Township real property taxes are recognized when levied and personal property taxes are recognized when received.

The Township actually assessed 1.00 mills for General Fund operations, 2.7951 mills for Improvement Fund operations, 0.2328 mills for harbor improvements, 1.3975 mills for fire protection and 1.00 mills for road improvements. The millage generated net tax collections of \$61,247 in the General Fund, \$55,434 for fire protection, \$9,226 for harbor improvements, and \$145,689 in the Township Improvement Fund.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Protection Fund accounts for the tax collections restricted for fire protection and pays the operating and capital costs associated with fire protection.

The Harbor Fund accounts for tax collections restricted for harbor improvements and is being used to obtain grants funds to repair/replace the existing harbor break wall.

The Revolving Loan Fund accounts for the dollars loaned to businesses meeting objective criteria for business expansion and the subsequent repayments with interest.

The Township Improvement Fund accounts for tax collections and other revenue sources restricted by voter approval and the associated expenditures of those funds.

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Township reports the following major proprietary funds:

The Ambulance Fund accounts for the transportation of patients via the Township owned vehicles and the associated expenses.

The Woodland Park Fund accounts for the camping and associated activities at the Township owned park located on the shore of Lake Superior.

The Fuel Fund is used to account for purchases and subsequent sale of fuel to various organizations and individuals.

The Water Fund accounts for the activities of the water distribution system.

The Marina Fund accounts for the activities of the marina operations including fuel sales and launch fees.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's utility function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relate to charges to customers for sales and services. The utility funds also recognizes the portion of the fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, depreciation on capital assets and debt costs associated with financing upgrades to

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

the utility systems. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments— Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of six months or less when acquired. Investments are stated at fair value.

Receivables and Payables— In general, outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “due to/from other funds.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on February 16th of the following year, at which time penalties and interest are assessed.

Inventories— Inventories are valued at cost, on a first-in, first-out basis, if material in amount. Inventories of governmental funds are recorded as expenditures when purchased and adjusted at year end as appropriate.

Restricted Assets— The revenue bonds of the enterprise funds require amounts to be set aside for debt service principal and interest and a bond reserve. These amounts have been classified as restricted assets. In addition, amounts restricted by Board action or taxpayer approval have been reflected in this category.

Capital Assets— Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township has elected not to report its infrastructure assets which is in compliance with Governmental Accounting Standards Board Statement Number 34 as the Township is a “tier three” entity. All future infrastructure asset additions will be recorded and reported in the government wide financial statements.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Land Improvements	20 years
Water System	40 years
Fuel System	20 years
Vehicles	5 years
Equipment	5 years

Compensated Absences (Vacation and Sick)— It is the Township's policy to permit employees to accumulate earned but unused vacation benefits. The Township does not have a determinable liability for unpaid accumulated sick leave since the Township has a policy not to pay any portion of the accumulated benefits to employees upon separation from service. All vacation leave pay is accrued when incurred in the proprietary fund financial statements.

Long-Term Obligations— In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or business-type activities on the Statement of Net Assets. Proceeds, if any, from noncurrent liabilities and payments on those liabilities are recorded as other financing sources and debt services expenditures, respectively, in the governmental funds financial statements.

Fund Equity— In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of Fund Balance represent tentative management plans that are subject to change.

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from those estimates.

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE B - CASH AND INVESTMENTS

MCL 129.91 authorizes the Township to deposit and invest in the accounts of Federal insured banks, credit unions, savings and loan associations; bond securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements, bankers' acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase, obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated two banks for the deposit of Township funds. The investments policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized only a portion of the investments described in the preceding paragraph. The Township's deposits and investment policy are in accordance with statutory authority.

At year end, the Township's deposits and investments were reported on the basic financial statements in the following categories:

Bank deposits (demand and time deposits)	\$ 723,274
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The federal insured bank balance of the Township's deposits is \$ 200,000. There were no items classified as investments during the fiscal year.

NOTE C - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amounts appropriated in any of its budgetary funds.

Included in the "Required Supplemental Information" section of this report is a listing of revenues and expenditures for the budgetary funds. The schedules reflect the original budget, amended budget and actual amounts for each of the fund's activities. Some unfavorable variances occurred during the year primarily due to year accruals and reclassifications.

NOTE D - ACCUMULATED DEFICITS

The Township does not have any accumulated fund balance/retained earnings deficits in its funds. The Marina Fund, however, does have an unrestricted deficit in its retained earnings.

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE E - INTERFUND TRANSFERS

The following interfund transfer was recorded during the year and is reflected in the financial statements.

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Fire	\$ 1,000
General	Harbor	1,500
General	Revolving Loan	1,500
General	Township Improvement	5,000
General	Ambulance	2,500
General	Woodland Park	48,280
General	Fuel	1,000
Fuel	Fire	2,000
Fuel	Township Improvement	3,000
Fuel	Marina	7,600
Fuel	Ambulance	2,000
Fuel	Woodland Park	2,000
Fuel	Water	3,000
Water	Fire	9,004
Township Improvement	Water	2,963
Marina	Woodland Park	12,000

NOTE F - INTERFUND RECEIVABLES AND PAYABLE

The March 31, 2008, balances of interfund receivables and payables are as follows:

<u>Due From</u>	<u>Due to</u>	<u>Amount</u>
General	Fire	\$ 661
General	Beach Access	1,000
General	Water	151
General	Tax	4,117
General	Payroll	195
Fire	Tax	5,246
Harbor	Woodland Park	24
Harbor	Marina	5,000
Harbor	Tax	874
Township Improvement	General	5,054
Township Improvement	Woodland Park	1,339
Township Improvement	Tax	10,498
Woodland Park	General	10,107
Woodland Park	Marina	10,527
Water	Woodland Park	24
Payroll	Ambulance	85

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE G - CHANGES IN CAPITAL ASSETS

Capital asset activity for the Township for the year ended March 31, 2008 was as follows:

	Beginning	Additions	Disposals	Ending
Governmental Funds				
Assets not depreciated - Land	\$ 155,105	\$ 0	\$ 0	\$ 155,105
Assets depreciated				
Land improvements	29,000	0	0	29,000
Buildings	692,838	0	0	1,066,500
Equipment	213,015	2,090	0	215,105
Vehicles	287,492	0	0	287,492
Total at Historic Cost	\$1,751,112	\$ 2,090	\$ 0	\$1,753,202
Less Accumulated Depreciation for:				
Land improvements	1,450	1,450	0	2,900
Buildings	692,837	26,663	0	719,500
Equipment	196,687	5,082	0	201,769
Vehicles	257,172	11,240	0	268,412
Total Accumulated Depreciation	\$1,148,146	\$ 44,435	\$ 0	\$1,192,581
Net Governmental Funds - Capital Assets	\$ 602,966			\$ 560,621
Business Type Funds				
Assets not depreciated - Land	\$ 52,014	\$ 0	\$ 0	\$ 52,014
Assets depreciated				
Ambulance	122,719	0	0	122,719
Woodland Park	422,998	295,226	0	718,224
Fuel	100,000	0	0	100,000
Water Utility	1,196,864	14,641	0	1,211,505
Marina	62,400	0	0	62,400
Total at Historic Cost	\$1,956,995	\$ 309,867	\$ 0	\$2,266,862
Less Accumulated Depreciation for:				
Ambulance	\$ 122,719	\$ 0	\$ 0	\$ 122,719
Woodland Park	144,583	17,593	0	162,176
Fuel	35,000	5,000	0	40,000
Water Utility	638,335	30,992	0	669,327
Marina	9,870	3,120	0	12,990
Total Accumulated Depreciation	\$ 950,507	\$ 56,705	\$ 0	\$1,007,212
Net Business Type Funds - Capital Assets	\$1,006,488			\$1,259,650

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE G - CHANGES IN CAPITAL ASSETS (CONTINUED):

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$ 15,188
Public Safety	0
Public Works	14,599
Recreation	<u>14,647</u>
Total Governmental Activities	<u>\$ 44,434</u>
Business-Type Activities	
Ambulance	\$ 0
Woodland Park	17,593
Fuel	5,000
Water utility system	30,992
Marina	<u>3,120</u>
Total Business-Type Activities	<u>\$ 56,705</u>

NOTE H - GENERAL LONG TERM DEBT

BEACH ACCESS LAND CONTRACT

\$40,000 - The Township entered into a contract to purchase certain land to allow resident access to the harbor. The financing, which originated in 2005 was issued for \$100,000. The land contract is secured by the land being acquired and bears no interest. The contract calls for annual payments. The payments to date have been the result of local contributions to the Township.

Debt requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008-2009	\$ 10,000	\$ 0	\$ 10,000
2009-2010	<u>30,000</u>	<u>0</u>	<u>30,000</u>
TOTALS	\$ 40,000	\$ 0	\$ 40,000

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE H - GENERAL LONG TERM DEBT (CONTINUED)

PUBLIC WORKS TRUCK DEBT

\$16,403 - The Township entered into an installment purchase contract to acquire a truck for use in the Public Works and Water Departments. The financing, which originated in 2005 was issued for \$31,898.60. The debt bears interest at the rate of 4.07%. The contract calls for annual payments of \$5,925.08 due February 1 of each year. The payments are being paid through a contribution from the Water Fund of one-half of the obligation and the balance from Township operating funds.

Debt requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008-2009	\$ 5,243	\$ 682	\$ 5,925
2009-2010	5,471	454	5,925
2010-2011	<u>5,689</u>	<u>236</u>	<u>5,925</u>
TOTALS	\$ 16,403	\$ 1,372	\$ 17,775

LINE OF CREDIT

\$16,516 - During the 2006-2007 fiscal year, the Township entered into an agreement to establish a line of credit to assist in meeting short term working capital needs. The line of credit was authorized and established for \$175,000 with one draw being made on the line in the amount of \$100,000. The debt bears interest at the rate of 4.95%. The line is to be paid in full within one year. The payments have been made by contributions from the Woodland Park Fund and the revenue received through the sale of standing timber.

The principal balance of \$16,516 along with the accrued interest at the date of the payment will be made within the 2008-2009 fiscal year.

Summary of General Long Term Debt

	Beginning Balance	Newly Issued	Retired	Ending Balance	Due within One Year
Beach Access Land Contract	\$ 50,000	\$ 0	\$ 10,000	\$ 40,000	\$ 10,000
Fire Truck Contract	2,809	0	2,809	0	0
Public Works Truck Contract	21,471	0	5,068	16,403	5,243
Line of Credit	<u>100,000</u>	<u>0</u>	<u>83,484</u>	<u>16,516</u>	<u>16,516</u>
Total General Long Term Debt	\$ 174,280	\$ 0	\$ 101,361	\$ 72,919	\$ 31,759

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE I - PROPRIETARY FUND DEBT

WATER SUPPLY SYSTEM REVENUE BOND - SERIES 1987

\$ 98,000 - In June of 2000, the Township issued Water Supply System Revenue Bonds - Series 2000 to finance improvements and enlargement of the Township's Water Supply System. Interest rates on the bond is at the rate of 5.0%. The entire bond issue was purchased by the Rural Development Agency of the United States Department of Agriculture.

The cumulative debt service schedule is below:

Payable Fiscal Year	September 1 Interest	March 1 Interest	Principal	Total
2008-2009	\$ 2,450	\$ 2,450	\$ 9,000	\$ 13,900
2009-2010	2,225	2,225	9,000	13,450
2010-2011	2,000	2,000	10,000	14,000
2011-2012	1,750	1,750	10,000	13,500
2012-2013	1,500	1,500	10,000	13,000
2013-2018	3,750	3,750	50,000	57,500
TOTALS	\$ 13,675	\$ 13,675	\$ 98,000	\$ 125,350

PARK IMPROVEMENT BONDS - SERIES 2007

The Township entered into an loan agreement with a local bank to finance various improvements to Woodland Park. The agreement was authorized for up to \$400,000 and calls for draws on the loan as needed. As of the end of the fiscal year, draws totaling \$184,190 had been issued. The loan carries an annual interest rate of 4.75%. The entire principal and interest as of December 21, 2008, will be due on that date. The repayment is expected to be completed by issuing long term debt at the completion of the project.

Summary of Proprietary Fund Debt

	Beginning Balance	Newly Issued	Retired	Ending Balance	Due within One Year
Water Supply Revenue Bonds	\$ 107,000	\$ 0	\$ 9,000	\$ 98,000	\$ 9,000
Fuel System Debt	12,691	0	12,691	0	0
Woodland Park Garage	11,633	0	11,633	0	0
Woodland Park Improvements	0	184,190	0	184,190	184,190
Total Proprietary Fund Debt	\$ 131,324	\$ 184,190	\$ 33,324	\$ 282,190	\$ 193,190

TOWNSHIP OF BURT
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - RISK MANAGEMENT

The Township of Burt, Alger County, Michigan, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED
SUPPLEMENTAL
INFORMATION

TOWNSHIP OF BURT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended March 31, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 63,172	\$ 63,172	\$ 63,172	\$ 0
Resources (Inflows)				
Property taxes	75,851	88,527	61,247	(27,280)
State shared revenues and grants	36,000	36,045	70,545	34,500
Licenses and fees	0	0	5,050	5,050
Charges for services	0	0	3,270	3,270
Interest and rentals	0	0	2,729	2,729
Sale of property/timber	0	55,890	51,213	(4,677)
Reimbursements	0	0	1,156	1,156
Other	0	7,335	10,466	3,131
Transfer from other funds	57,125	57,125	60,780	3,655
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 232,148	\$ 308,094	\$ 329,628	\$ 21,534
Charges to Appropriations (Outflows)				
Legislative				
Board	\$ 5,050	\$ 5,050	\$ 4,800	\$ 250
General Government				
Supervisor	15,020	8,341	13,841	(5,500)
Elections	3,740	3,670	3,951	(281)
Administration	72,704	73,834	61,073	12,761
Clerk	14,550	14,800	9,675	5,125
Assessor	36,750	37,750	35,551	2,199
Audit/attorney	11,000	11,500	7,895	3,605
Board of review	1,500	1,540	830	710
Treasurer	20,770	20,298	18,730	1,568
Buildings and other property	0	0	13,495	(13,495)
Zoning	5,150	5,499	3,209	2,290
Public Safety				
Liquor control	1,900	1,903	1,403	500
Coast Guard Auxiliary	0	0	5	(5)
Community betterment				
Historical society	500	500	500	0
Other	0	0	23	(23)
Debt service	0	15,533	89,493	(73,960)
Capital outlay	0	0	0	0
Transfers to other funds	0	0	0	0
TOTAL CHARGES TO APPROPRIATIONS	\$ 188,634	\$ 200,218	\$ 264,474	\$ (64,256)
BUDGETARY FUND BALANCE--ENDING	\$ 43,514	\$ 107,876	\$ 65,154	\$ (42,722)

TOWNSHIP OF BURT
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
Year ended March 31, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 58,272	\$ 58,272	\$ 58,272	\$ 0
Resources (Inflows)				
Property taxes	57,438	57,438	55,434	(2,004)
Interest earned	0	0	1,988	1,988
Transfers from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 115,710	\$ 115,710	\$ 115,694	\$ (16)
Charges to Appropriations (Outflows)				
Public safety - fire	\$ 30,351	\$ 34,286	\$ 27,911	\$ 6,375
Debt service	3,000	3,000	2,871	129
Capital outlay	0	0	0	0
Transfer to other funds - hydrant rental	<u>12,000</u>	<u>12,000</u>	<u>12,004</u>	<u>(4)</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>45,351</u>	\$ <u>49,286</u>	\$ <u>42,786</u>	\$ <u>6,500</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u><u>70,359</u></u>	\$ <u><u>66,424</u></u>	\$ <u><u>72,908</u></u>	\$ <u><u>6,484</u></u>

TOWNSHIP OF BURT
BUDGETARY COMPARISON SCHEDULE
HARBOR FUND
Year ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning Fund Balance	\$ 92,099	\$ 92,099	\$ 92,099	\$ 0
Resources (Inflows)				
Property taxes	7,880	7,880	9,226	1,346
Federal grants	32,900	23,888	0	(23,888)
User fees	5,000	4,600	4,548	(52)
Interest	0	0	3,302	3,302
Other	<u>0</u>	<u>0</u>	<u>315</u>	<u>315</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 137,879	\$ 128,467	\$ 109,490	\$ (18,977)
Charges to Appropriations (Outflows)				
Recreation - Harbor	\$ 33,536	\$ 33,536	\$ 16,684	\$ 16,852
Debt service	0	0	0	0
Capital outlay	0	0	0	0
Transfer to other funds	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>35,036</u>	\$ <u>35,036</u>	\$ <u>18,184</u>	\$ <u>16,852</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u><u>102,843</u></u>	\$ <u><u>93,431</u></u>	\$ <u><u>91,306</u></u>	\$ <u><u>(2,125)</u></u>

TOWNSHIP OF BURT
BUDGETARY COMPARISON SCHEDULE
REVOLVING LOAN FUND
Year ended March 31, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 52,892	\$ 52,892	\$ 52,892	\$ 0
Resources (Inflows)				
Principal repaid	29,000	29,000	29,004	4
Interest earned	<u>8,200</u>	<u>8,200</u>	<u>7,559</u>	<u>(641)</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 90,092	\$ 90,092	\$ 89,455	\$ (637)
Charges to Appropriations (Outflows)				
Transfers to other funds	\$ <u>1,600</u>	\$ <u>1,600</u>	\$ <u>1,500</u>	\$ <u>100</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>1,600</u>	\$ <u>1,600</u>	\$ <u>1,500</u>	\$ <u>100</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u><u>88,492</u></u>	\$ <u><u>88,492</u></u>	\$ <u><u>87,955</u></u>	\$ <u><u>(537)</u></u>

TOWNSHIP OF BURT
BUDGETARY COMPARISON SCHEDULE
TOWNSHIP IMPROVEMENT FUND
Year ended March 31, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 84,361	\$ 84,361	\$ 84,361	\$ 0
Resources (Inflows)				
Property taxes - unrestricted	118,680	118,680	110,764	(7,916)
Property taxes - roads	0	39,646	34,925	(4,721)
Federal grants	0	0	8,964	8,964
Charges for services	0	0	150	150
Interest and rentals	0	0	2,722	2,722
Sale of property	0	0	350	350
Reimbursements	0	0	325	325
Other	0	0	550	550
Transfer from other funds	0	0	2,963	2,963
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 203,041	\$ 242,687	\$ 246,074	\$ 3,387
Charges to Appropriations (Outflows)				
General Government				
Airport	\$ 3,000	\$ 3,000	\$ 3,003	\$ (3)
Cemetery	3,400	3,400	3,150	250
Public Safety				
CERT expenses	9,000	9,000	8,973	27
Public Works				
General	70,225	69,314	63,853	5,461
Street lighting	12,500	12,500	13,342	(842)
Recreation	550	550	550	0
Community betterment				
Holiday decorations	1,000	1,000	1,061	(61)
Debt service	5,925	5,925	5,925	0
Capital outlay	6,000	6,000	2,090	3,910
Transfers to other funds	10,000	10,000	8,000	2,000
TOTAL CHARGES TO APPROPRIATIONS	\$ 121,600	\$ 120,689	\$ 109,947	\$ 10,742
BUDGETARY FUND BALANCE--ENDING	\$ 81,441	\$ 121,998	\$ 136,127	\$ 14,129

ADDITIONAL
INFORMATION

TOWNSHIP OF BURT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
March 31, 2008

	<u>BEACH ACCESS FUND</u>	<u>MEDICAL FACILITY FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and equivalents	\$ 10,447	\$ 306	\$ 10,753
Accounts receivable	0	747	747
Other assets	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$ <u>10,447</u>	\$ <u>1,053</u>	\$ <u>11,500</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 0	\$ 86	\$ 86
Due to other funds	<u>1,000</u>	<u>0</u>	<u>1,000</u>
TOTAL LIABILITIES	\$ 1,000	\$ 86	\$ 1,086
FUND EQUITY			
Fund balance:			
Unreserved-undesignated	\$ <u>9,447</u>	\$ <u>967</u>	\$ <u>10,414</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>10,447</u>	\$ <u>1,053</u>	\$ <u>11,500</u>

TOWNSHIP OF BURT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
Year ended March 31, 2008

	<u>BEACH ACCESS FUND</u>	<u>MEDICAL FACILITY FUND</u>	<u>TOTAL</u>
REVENUES			
Local grants	\$ 0	\$ 6,741	\$ 6,741
Local contributions	17,166	0	17,166
Interest	<u>397</u>	<u>24</u>	<u>421</u>
TOTAL REVENUES	\$ 17,563	\$ 6,765	\$ 24,328
EXPENDITURES			
Salaries and wages	\$ 0	\$ 2,400	\$ 2,400
Payroll taxes	0	184	184
Supplies	188	1,408	1,596
Insurance	0	250	250
Repairs and maintenance	0	779	779
Utilities	0	1,574	1,574
Debt service	<u>10,000</u>	<u>0</u>	<u>10,000</u>
TOTAL EXPENDITURES	\$ 10,188	\$ 6,595	\$ 16,783
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			
	\$ 7,375	\$ 170	\$ 7,545
Fund balance - beginning	<u>2,072</u>	<u>797</u>	<u>2,869</u>
FUND BALANCE - ENDING	\$ 9,447	\$ 967	\$ 10,414

TOWNSHIP OF BURT
WATER UTILITY FUND
BALANCE SHEET
March 31, 2008 and 2007

ASSETS	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash and equivalents	\$ 79,464	\$ 87,008
Accounts receivable	3,157	5,555
Due from other fund	<u>24</u>	<u>5,024</u>
TOTAL CURRENT ASSETS	\$ 82,645	\$ 97,587
Restricted Assets:		
Meters	\$ 25,000	\$ 0
Bond interest and redemption	<u>27,233</u>	<u>38,940</u>
TOTAL RESTRICTED ASSETS	\$ 52,233	\$ 38,940
Property, Plant and Equipment:		
Land	\$ 10,000	\$ 10,000
Plant, lines and equipment	1,201,505	1,186,864
Less accumulated depreciation	<u>(669,327)</u>	<u>(638,335)</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$ 542,178	\$ 558,529
TOTAL ASSETS	<u>\$ 677,056</u>	<u>\$ 695,056</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,845	\$ 0
Salaries and wages payable	155	0
Due to other funds	151	151
Interest payable	408	446
Deferred revenue	32,721	32,666
Current portion of long term debt	<u>9,000</u>	<u>9,000</u>
TOTAL LIABILITIES	\$ 44,280	\$ 42,263
LONG TERM LIABILITIES - Bonds payable	\$ 89,000	\$ 98,000
FUND EQUITY		
Retained earnings:		
Restricted	\$ 52,233	\$ 38,940
Unrestricted, undesignated	<u>491,543</u>	<u>515,853</u>
TOTAL FUND EQUITY	\$ 543,776	\$ 554,793
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 677,056</u>	<u>\$ 695,056</u>

TOWNSHIP OF BURT
WATER UTILITY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 Years ended March 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
User charges	\$ 96,105	\$ 89,737
State grant income	7,492	0
Other	<u>26</u>	<u>10</u>
TOTAL OPERATING REVENUES	\$ 103,623	\$ 89,747
OPERATING EXPENSES		
Transmission, distribution and maintenance	\$ 85,956	\$ 66,347
Depreciation	<u>30,992</u>	<u>22,530</u>
TOTAL OPERATING EXPENSES	\$ <u>116,948</u>	\$ <u>88,877</u>
OPERATING INCOME	\$ (13,325)	\$ 870
NON-OPERATING INCOME (EXPENSE)		
Interest income	\$ 4,579	\$ 6,057
Federal grant income	0	192,000
Transfers from other funds	9,004	6,125
Interest expense	(5,312)	(5,753)
Transfers to other funds	<u>(5,963)</u>	<u>(1,500)</u>
TOTAL NON-OPERATING INCOME (EXPENSE)	\$ <u>2,308</u>	\$ <u>196,929</u>
NET INCOME	\$ (11,017)	\$ 197,799
Retained earnings - Beginning of period	<u>554,793</u>	<u>356,994</u>
RETAINED EARNINGS - END OF PERIOD	\$ <u><u>543,776</u></u>	\$ <u><u>554,793</u></u>

TOWNSHIP OF BURT
STATEMENT OF CASH FLOWS
WATER UTILITY FUND
Year ended March 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 98,584	\$ 98,489
Operating grants	7,492	0
Payments to suppliers	(55,822)	(38,156)
Payments to or on behalf of employees	(28,134)	(31,050)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	\$ 22,120	\$ 29,283
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer from (to) other funds	\$ 3,041	\$ 4,625
Loans repaid from (made to) other funds	5,000	15,000
TOTAL CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	\$ 8,041	\$ 19,625
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase and construction of capital assets	\$ (14,641)	\$ (299,358)
Payments on revenue bonds	(14,350)	(14,307)
Federal grants received	0	192,000
Funding of restricted accounts	(13,293)	(38,940)
TOTAL CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (42,284)	\$ (160,605)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	\$ 4,579	\$ 6,057
NET INCREASE (DECREASE) IN CASH	\$ (7,544)	\$ (105,640)
Cash and equivalents - beginning	87,008	192,648
CASH AND EQUIVALENTS - ENDING	\$ 79,464	\$ 87,008
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ (13,325)	\$ 870
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Depreciation	30,992	22,530
Change in Assets and Liabilities		
Receivables - net	2,398	7,280
Accounts payable	1,845	(2,859)
Accrued salaries and wages	155	0
Deferred revenue	55	1,462
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 22,120	\$ 29,283

TOWNSHIP OF BURT
WATER UTILITY FUND
 SCHEDULE OF OPERATING EXPENSES
 Year ended March 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Transmission, Distribution & Maintenance:		
Salaries and wages	\$ 24,752	\$ 26,952
Payroll taxes	1,882	2,078
Employee benefits	1,655	2,020
Professional fees	19,667	2,000
Supplies and other	<u>38,000</u>	<u>33,297</u>
Total Transmission, Distribution & Maintenance	\$ 85,956	\$ 66,347
Depreciation	\$ <u>30,992</u>	\$ <u>22,530</u>
TOTAL OPERATING EXPENSE	\$ <u><u>116,948</u></u>	\$ <u><u>88,877</u></u>

TOWNSHIP OF BURT
BUDGETARY COMPARISON SCHEDULE
MEDICAL FACILITY FUND
Year ended March 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning Fund Balance	\$ 797	\$ 797	\$ 797	\$ 0
Resources (Inflows)				
Local grants	7,883	7,883	6,741	(1,142)
Interest	<u>0</u>	<u>0</u>	<u>24</u>	<u>24</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 8,680	\$ 8,680	\$ 7,562	\$ (1,118)
Charges to Appropriations (Outflows)				
General government	\$ 7,067	\$ 7,067	\$ 6,595	\$ 472
Transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>7,067</u>	\$ <u>7,067</u>	\$ <u>6,595</u>	\$ <u>472</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u><u>1,613</u></u>	\$ <u><u>1,613</u></u>	\$ <u><u>967</u></u>	\$ <u><u>(646)</u></u>

TOWNSHIP OF BURT
BUDGETARY COMPARISON SCHEDULE
BEACH ACCESS FUND
Year ended March 31, 2008

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Beginning Fund Balance	\$ 2,072	\$ 2,072	\$ 2,072	\$ 0
Resources (Inflows)				
Local contributions	11,200	16,505	17,166	
Interest earned	0	0	397	397
Transfers from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
AMOUNTS AVAILABLE FOR APPROPRIATION	\$ 13,272	\$ 18,577	\$ 19,635	\$ 397
Charges to Appropriations (Outflows)				
Recreation	\$ 800	\$ 800	\$ 188	\$ 612
Debt service	10,000	10,000	10,000	0
Transfers to other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL CHARGES TO APPROPRIATIONS	\$ <u>10,800</u>	\$ <u>10,800</u>	\$ <u>10,188</u>	\$ <u>612</u>
BUDGETARY FUND BALANCE--ENDING	\$ <u><u>2,472</u></u>	\$ <u><u>7,777</u></u>	\$ <u><u>9,447</u></u>	\$ <u><u>1,009</u></u>

SCOTT R. KENNEY

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

The Honorable Supervisor and Board
Township of Burt
P.O. Box 430
Grand Marais, MI 49839

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Burt, Alger County, Michigan (Township) as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements and have issued my report thereon dated July 26, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE

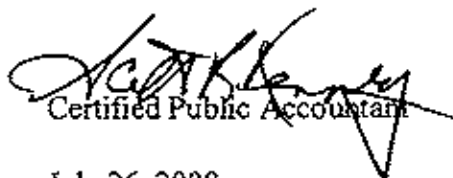
As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered the Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to the management of the Township in a separate letter dated July 26, 2008.

This report is intended solely for the information and use of the audit committee, management, Township Board and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



Certified Public Accountant

July 26, 2008

SCOTT R. KENNEY

Certified Public Accountant

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Crystal Falls, Michigan 49920
(906) 875-4393 Fax: (906) 875-3879

The Honorable Supervisor and Board
Township of Burt
P.O. Box 430
Grand Marais, MI 49839

In conjunction with the audit of the general purpose financial statements of the Township of Burt, Alger County, Michigan (Township) as of and for the year ended March 31, 2008, I have reviewed the Township's accounting policies and procedures and systems of internal control. My audit was conducted primarily to enable me to formulate an opinion on the Township's financial statements and accordingly, would not disclose all weaknesses in the system which may exist. My review disclosed certain areas in which I believe more effective internal control or increased efficiency may be achieved. This letter is intended to summarize my findings and present my overall conclusions and recommendations. It has been prepared solely for the information of the Township Board and management and should not be presented or quoted to anyone outside of the Township because of the possibility of misunderstanding by other persons who may not be aware of the objectives and limitations of internal controls and my study and evaluation thereof. Statement on Audit Standard Number 112 (SAS 112) requires that I inform the Township of all significant control deficiencies and those control deficiencies be split into one of two types. The two types of control deficiencies are "significant deficiencies" and "material weaknesses". A significant deficiency is defined as a control deficiency that has more than a remote likelihood that the entity's ability to initiate, authorize, record, process or report financial data in compliance with accounting principles generally accepted in the United States of America will be adversely affected and that such affect will be more than inconsequential. A material weakness is defined as a significant deficiency(ies) that could have a material affect on the financial statements. None of the comments below are repeated from the prior year.

SIGNIFICANT DEFICIENCIES

1. **OBSERVATION** - As is the case with many smaller and medium-sized entities, the Township has relied on its independent external auditors to assist in the preparation of the financial statements. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the government's internal controls. The Township has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

1. **RECOMMENDATION** - I recommend that the Township continue to outsource the preparation of its financial statements in conformance with the findings stated above.

2. **OBSERVATION** - The Township budget was not prepared in conformance with the Uniform Budgeting Act in that it was not completed on a line item or activity basis.

RECOMMENDATION - I recommend that the Township prepare all future budgets in compliance with the Uniform Budgeting Act. This was implemented for the 2008-2009 fiscal year.

3. **OBSERVATION** - The minutes of the Board Meetings reflect the authorization of various resolutions but do not contain a summary of the resolutions approved.

RECOMMENDATION - I recommend that the minutes in the future contain, at a minimum, a summary of all resolutions approved by the Board.

4. **OBSERVATION** - The Township maintains various Due from/to Other Funds accounts. The accounts in the various funds were not reconciled at the end of the fiscal year.

RECOMMENDATION - I recommend that the Township establish individual accounts detailing the amount Due from/to Other Funds. This recommendation was implemented after the end of the fiscal year by the Township.

5. **OBSERVATION** - Delinquent personal property taxes have not been properly accounted for nor maintained by the Township.

RECOMMENDATION - After the close of the fiscal year, the Township retrospectively determined liabilities with the various entities that it collects taxes for. The amounts have been remitted to those entities.

6. **OBSERVATION** - The receipts for the taxes collected reflect only the amount collected.

RECOMMENDATION - I recommend that either the receipt reflect the taxes collected, administration fees, interest, etc. or indicate that a report showing that information is being maintained. This will allow for proper distribution of taxes collected by the Township.

7. **OBSERVATION** - Water rates are currently such that a small loss in the Water Fund is being generated.

RECOMMENDATION - I recommend that the Board consider its water rates in light of increasing costs and increase those rates to a level that generates a profit in the Fund.

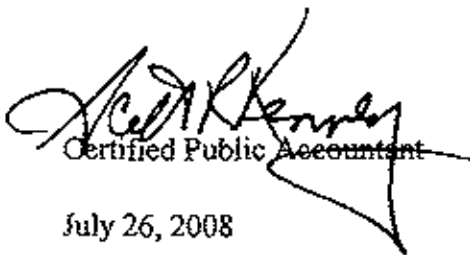
8. **OBSERVATION** - The Township has not increased its charge for Advanced Life Support (ALS) transports in several years. This has resulted in the charge falling below the "reasonable and customary" insurance allowable amount.

8. **RECOMMENDATION** - I recommend that the charges for ALS runs be reviewed and increased as appropriate. In addition, I recommend that all of the charges be reviewed at least annually and adjusted as appropriate.
9. **OBSERVATION** - Ambulance accounts receivable are being posted with net change in accounts and not the individual charges, payments and insurance allowances.

RECOMMENDATION - I recommend that the charges be posted as earned and that the payments in cash and contractual adjustments/allowances be posted as payments are made on accounts.

I would like to thank the Township Board for allowing me to conduct the audit of the financial statements and I would especially like to thank Jack, Kay, Marc, and Sandy for their assistance during the audit.

If the Township would like my assistance in implementing any of the above recommendations, I am willing to help in any way that I can.


Ned Kennedy
Certified Public Accountant

July 26, 2008